

# ***NEWS RELEASE***

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## ***OFFICE OF THE UNITED STATES ATTORNEY SOUTHERN DISTRICT OF CALIFORNIA***

***San Diego, California***

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***For Immediate Release***

### **NEWS RELEASE SUMMARY** - November 14, 2005

United States Attorney Carol C. Lam announced today that former San Diego City Councilman Ralph Inzunza was sentenced on November 10, 2005, in U.S. District Court in San Diego by the Honorable Jeffrey T. Miller to serve 21 months in federal prison, following his conviction on federal corruption charges earlier this year. Las Vegas strip club lobbyist and co-defendant Lance Malone was sentenced to serve 36 months in prison. Former San Diego City Councilman and co-defendant Michael Zucchet, although earlier found guilty by a federal jury, was acquitted by Judge Miller on seven counts and granted a new trial on two counts.

Inzunza, Zucchet and Malone were found guilty by a jury on July 18, 2005, of conspiracy to commit wire fraud and several substantive counts of wire fraud aimed at depriving the citizens of San Diego of their right to honest services. According to the evidence presented at trial, the fraud scheme involved Inzunza and Zucchet's acceptance of money in exchange for their agreement to assist Malone in repealing the "no touch" provision of the San Diego Adult Entertainment Ordinance. The defendants were also found guilty of

extortion under color of official right regarding Inzunza's demands for money from Malone and Las Vegas strip club owner Michael Galardi for the benefit of Zucchet. Galardi previously pleaded guilty to the conspiracy charge, testified for the government at trial, and is awaiting sentencing in March 2006. Both Inzunza and Zucchet resigned from the San Diego City Council within days of the jury's verdicts.

On November 10, 2005, Judge Miller denied the post-trial motions filed by Inzunza and Malone. With respect to Zucchet, Judge Miller ruled that although Inzunza extorted Malone on three occasions to pay campaign contributions to Zucchet in return for political action, there was insufficient evidence for the jury to have found that Zucchet shared that criminal intent at the time he accepted the money. Consequently, Judge Miller acquitted Zucchet on the three extortion counts and on four substantive wire fraud counts. Additionally, Judge Miller granted Zucchet a new trial on one count of conspiracy to commit wire fraud and one substantive count of wire fraud. Regarding those counts, Judge Miller found that although they were supported by testimony concerning a \$10,000 cash payment to Malone on the morning he met with Zucchet a few weeks prior to Zucchet taking official action, the testimony was incredible and inconclusive, and came as a surprise to Zucchet in the preparation of his defense.

All defendants remain free on bail pending a status hearing on December 12, 2005. United States Attorney Lam said, "The convictions and sentences imposed by Judge Miller vindicate the people's right to open, honest and impartial government, free from corrupt influences." With respect to Judge Miller's ruling concerning Zucchet, Ms. Lam said, "We remain confident of and fully support the charges brought by the grand jury and the verdicts returned by the trial jury, and while we respect the judge's role in the legal process, we will nevertheless explore our options as permitted by law." Ms. Lam praised the efforts of the prosecution team for their hard work and professionalism throughout the investigation and prosecution of the case.

This case was the result of an investigation by the Federal Bureau of Investigation and the San Diego Police Department.

**DEFENDANTS****CASE NUMBER:** 03cr2434-JM

RALPH INZUNZA

MICHAEL ZUCCHET

LANCE MALONE

**SUMMARY OF CHARGES****Ralph Inzunza**

Count 1 - Conspiracy to Commit Wire Fraud

Counts 3, 7, 8, 11, 13, 14, 18, 21, and 25 - Wire Fraud

Counts 35, 36 and 37 - Extortion

**Michael Zucchet**

Count 1 - Conspiracy to Commit Wire Fraud

Counts 4, 19, 20, 23, and 32 - Wire Fraud

Counts 35, 36 and 37 - Extortion

**Lance Malone**

Count 1 - Conspiracy to Commit Wire Fraud

Counts 2 through 34 - Wire Fraud

Counts 35, 36, and 37 - Extortion

**COUNT 1** Conspiracy to commit wire fraud, in violation of Title 18, United States Code, Section 371. The charge of conspiracy to commit wire fraud carries a maximum penalty of 5 years' imprisonment and a \$250,000 fine.

**COUNTS 2-34** Wire fraud, in violation of Title 18, United States Code, Sections 1343 and 1346, and Title 18, United States Code, Section 2. Each count of wire fraud carries a maximum penalty of 20 years' imprisonment and a \$250,000 fine.

**COUNTS 35-37** Extortion, in violation of Title 18, United States Code, Section 1951, and Title 18, United States Code, Section 2. Each count of extortion carries a maximum penalty of 20 years' imprisonment and a \$250,000 fine.

**AGENCIES**

Federal Bureau of Investigation

San Diego Police Department, Criminal Intelligence Unit